



2025-2026 Budget Workshop

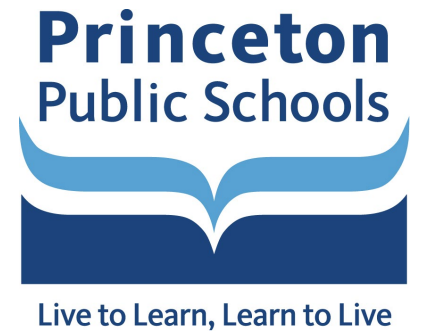
February 4, 2025

Outline of Discussion

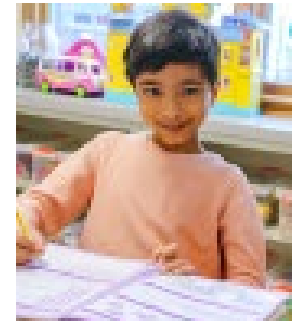
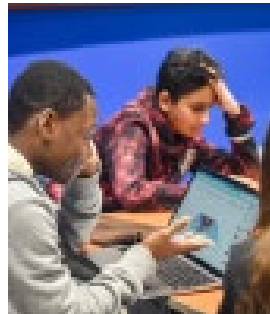
- **Our Promise/Strat Plan**
- **Zero Based Budget Overview**
- **Budget Calendar**
- **School Tax Overview/Tax Impact**
- **Operating Budget and Preliminary Budget Analysis**
- **Questions From the Public**



PPS: Our Promise
Starting Point for All Initiatives



We promise to prepare all our students to lead lives of joy and purpose as knowledgeable, creative and compassionate citizens of a global society.



Strategic Planning Goals 2023 – 2028

Focus on Early Years: Age 3 to Grade 3 : Every student will build solid foundational literacies through purposeful play, inquiry-based learning, and targeted instruction.

Wellness, Inclusion and Supports for All: Every student will be known, connected, engaged, and supported, and will encounter fair, affirming schooling experiences at every stage.

Opportunity and Achievement for All : Every student will have access to challenging academic programs and will demonstrate achievement of rigorous standards with intellectual integrity.

Preparation for a meaningful life beyond PPS: Every student will successfully navigate school transitions and will build the foundation to thrive in the post-secondary pathway of their choice and design.



Live to Learn, Learn to Live

ZERO BASED BUDGETING OVERVIEW

- Zero-based budgeting (ZBB) is a continuous process that we have implemented to rigorously review every dollar in the annual budget and build a culture of cost management among all stakeholders. The ZBB process is based on developing deep visibility into cost drivers and using this knowledge to help maintain an environment of accountability and sustainable growth in taxes. The full intent is to start from zero and build up from there.

What makes Princeton Public Schools Unique

- Small “neighborhood” Schools with comparatively small class sizes
- World class university in our community
- A large number of student programs and opportunities
- A large number of student support services
- A very experienced teaching staff
- Programs that are well above State minimum
- High percentage of population navigating poverty (~15%) compared to peer districts, as well as having a 424 student charter school in town
- Commitment to Equity



Budget Calendar

2025-2026 Budget

November - District Budget planning (Central Office)

November- Budget manual shared with Budget Managers who were required to enter their ZBB details into School-Fi (Genesis-new software implemented July 1) directly by December 23rd

January-February - Central Office Analysis

February 4th - (TONIGHT) Budget Workshop-Top level overview

February 25th - Governor Murphy's Budget Address

February 27th - State Aid Numbers released (48 hours after Budget Address)

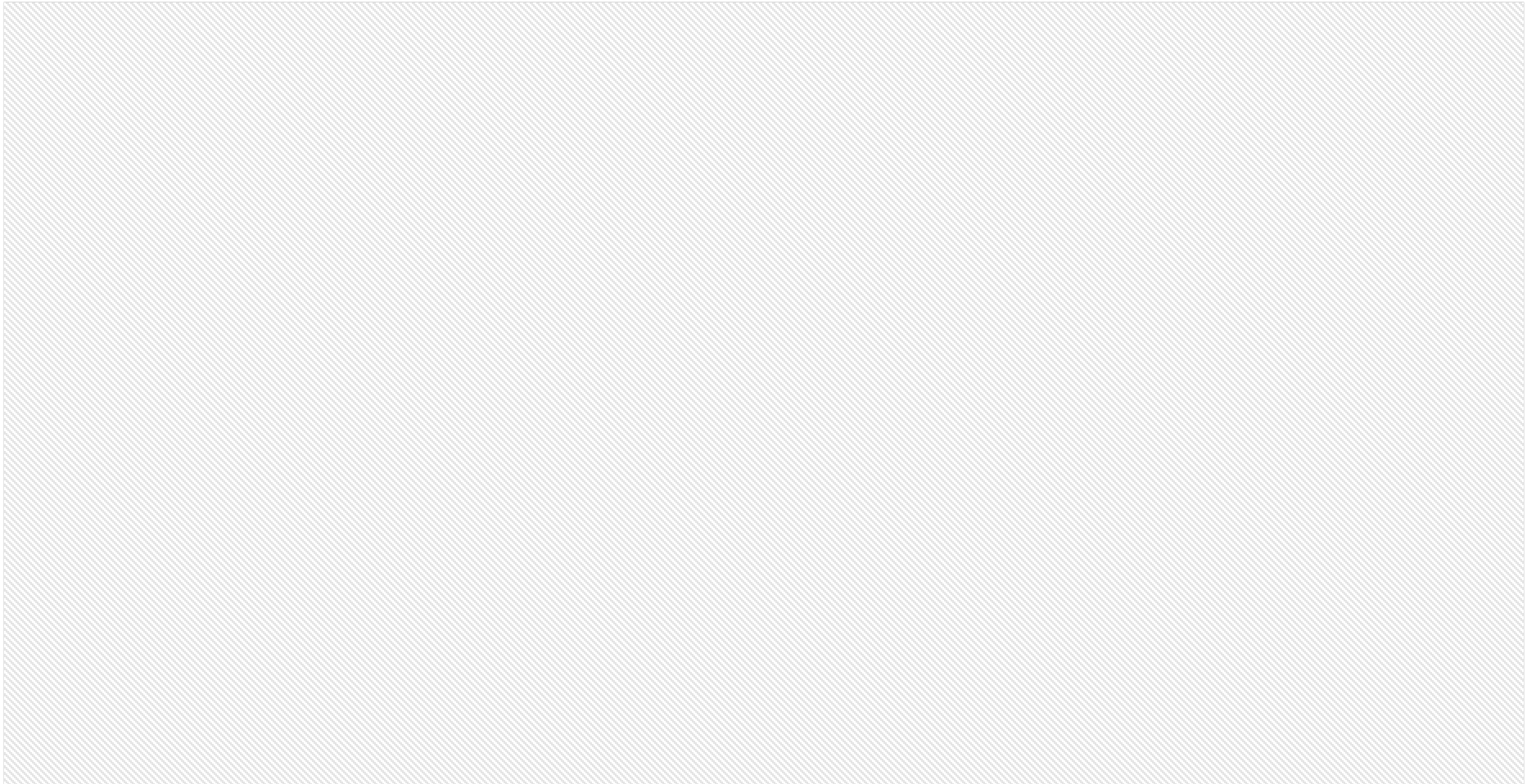
March 18th - Tentative Budget Adoption

March 19th - Budgets submitted to County (State review)

April 29th - Public Budget Hearing and Final Budget Adoption

Budget presentations throughout the budget development and approval process.

Calendar Tax year Princeton Property Tax Comparison



Source: 2023 and 2024 Mercer County Abstract of Ratables

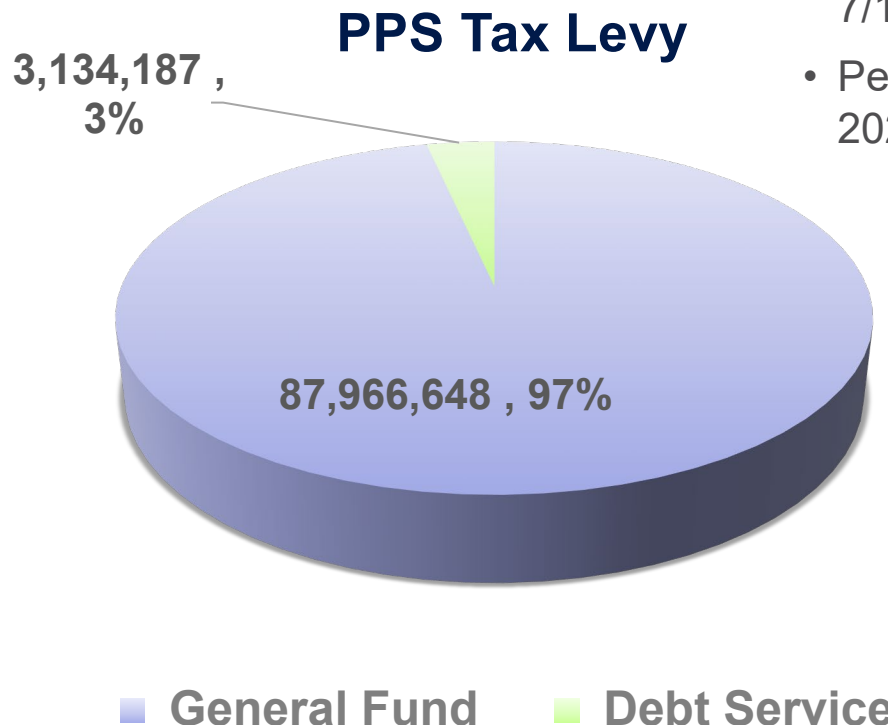
2024-25 School Tax: Two Separate Levies = \$91.101MM

General Fund Levy = \$87.967 MM

- Funds annual **operating** budget
- Subject to 2% cap with waivers for enrollment and possible healthcare cost increases

Debt Service Levy = \$3.134 MM

- Funds **long-term capital** projects
- Approved by taxpayers via referendum
- As of 6-30-2024, \$49.773 MM debt outstanding, with maturities of 1/15/37, 7/15/38 and 1/15/42
- Pending \$89.1 MM to be issued in March 2025

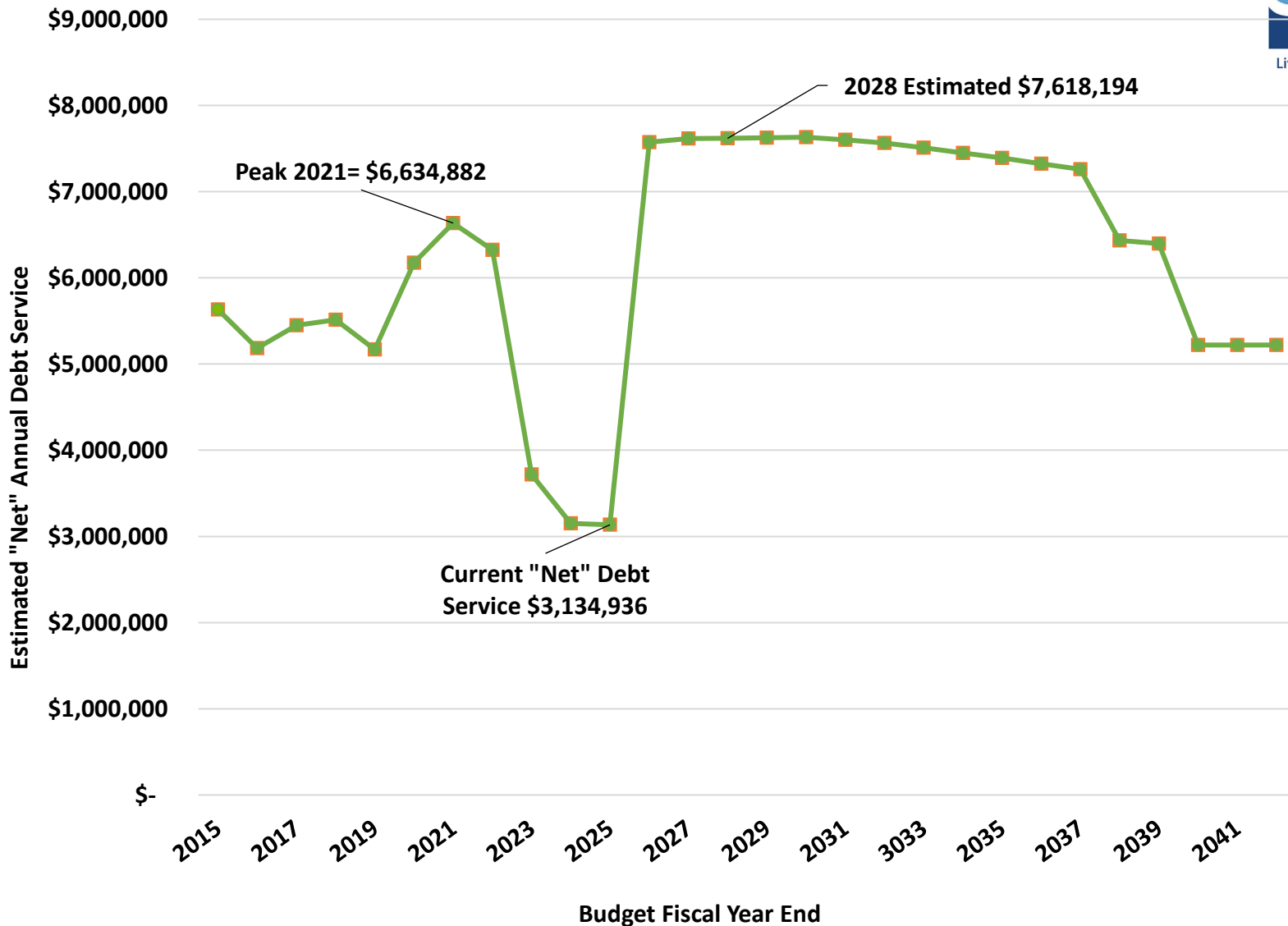


Debt Service Levy → Pays for Long-Term Debt

- Three Bond issues currently outstanding, with a new \$89.1 MM bond to be issued in March of 2025, over 27 years, if all goes well.
- Our most current Debt was issued at 3.261% over 13 years with a Aaa (“triple A” Moody’s) rating which is the highest credit rating available. See Outstanding Debt as of **12/31/2024** Below:

	Orig. Issue Date	Maturity Date	Int. Rates	Principal Bal. 12/31/2024
26.928 MM School Bonds	1/23/2019	7/15/2038	2.50% 3.00%	21,875,000
17.451 MM School Bonds	3/30/2022	1/15/2042	2.60% 2.75%	13,550,000
12.998 MM School Bonds	12/28/2023	1/15/2037	2.63% 3.40%	12,998,000
				48,423,000

PPS Historical and Prospective Debt Service : "Net of State Aid"



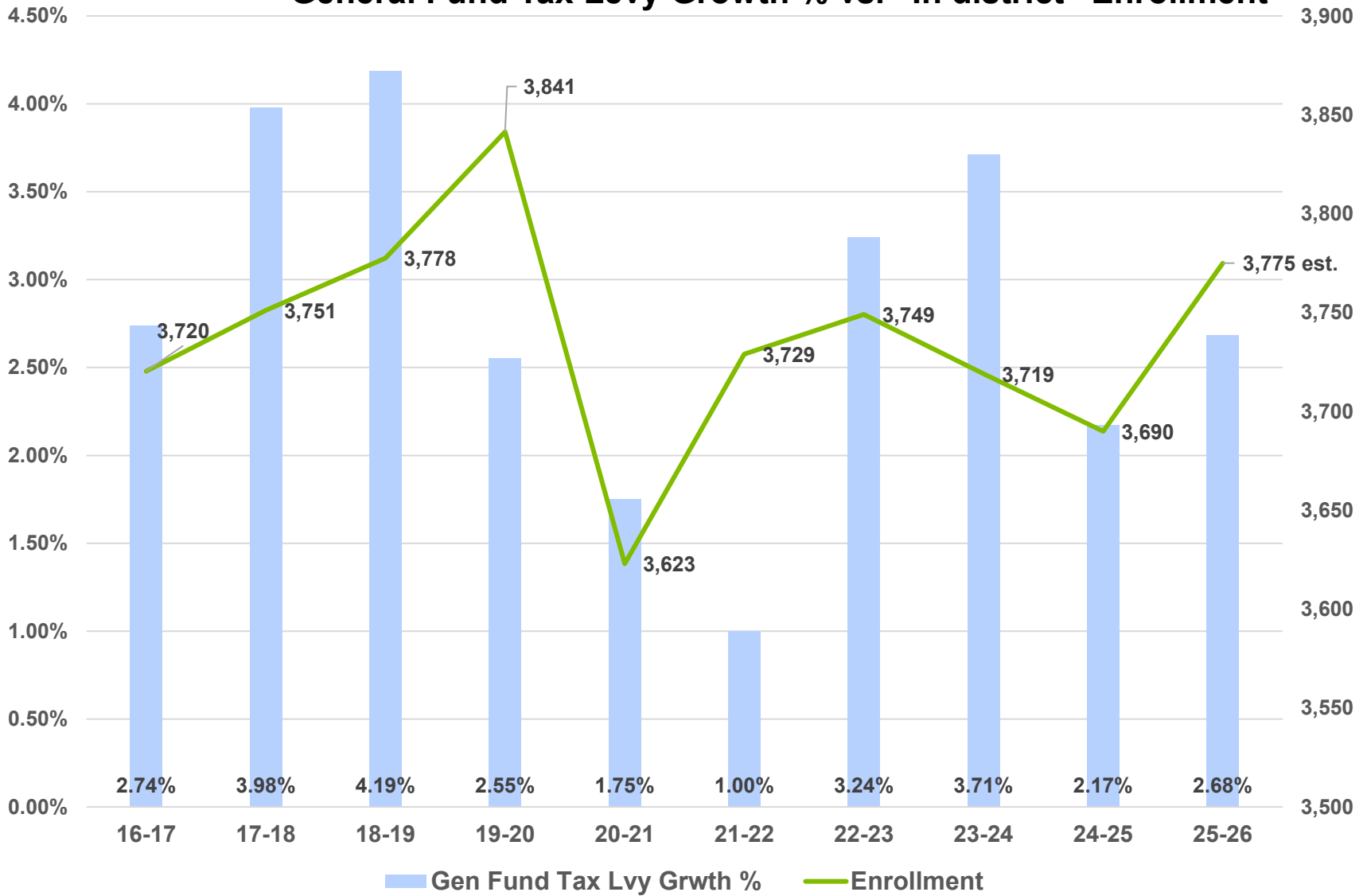
Note: Referendums Passed in 2018, 2022, 2023 and 2025

Taxpayer Impact

- **Actual Calendar 2024 total school levy of \$90.175 MM – Town has a December 31 year end while the BOE has a June 30 year end**
- **Tax rate increased from 1.236 to 1.263 per \$100 assessed property value**
 - Princeton 2024 actual tax base, net assessed valuation (ratables) of \$7.142 Billion*
 - Tax base **in**-creased 0.3% from 2023 to 2024, which means tax levy shared across a slightly larger total assessed value...
- **...which means that a 2.48% calendar year school tax levy increase results in a 2.16% “effective” school tax increase. The Tax increase is spread across a slightly larger base.**

**2024 ratables taken from Mercer County Tax Tables*

General Fund Tax Levy Growth % vs. "In district" Enrollment



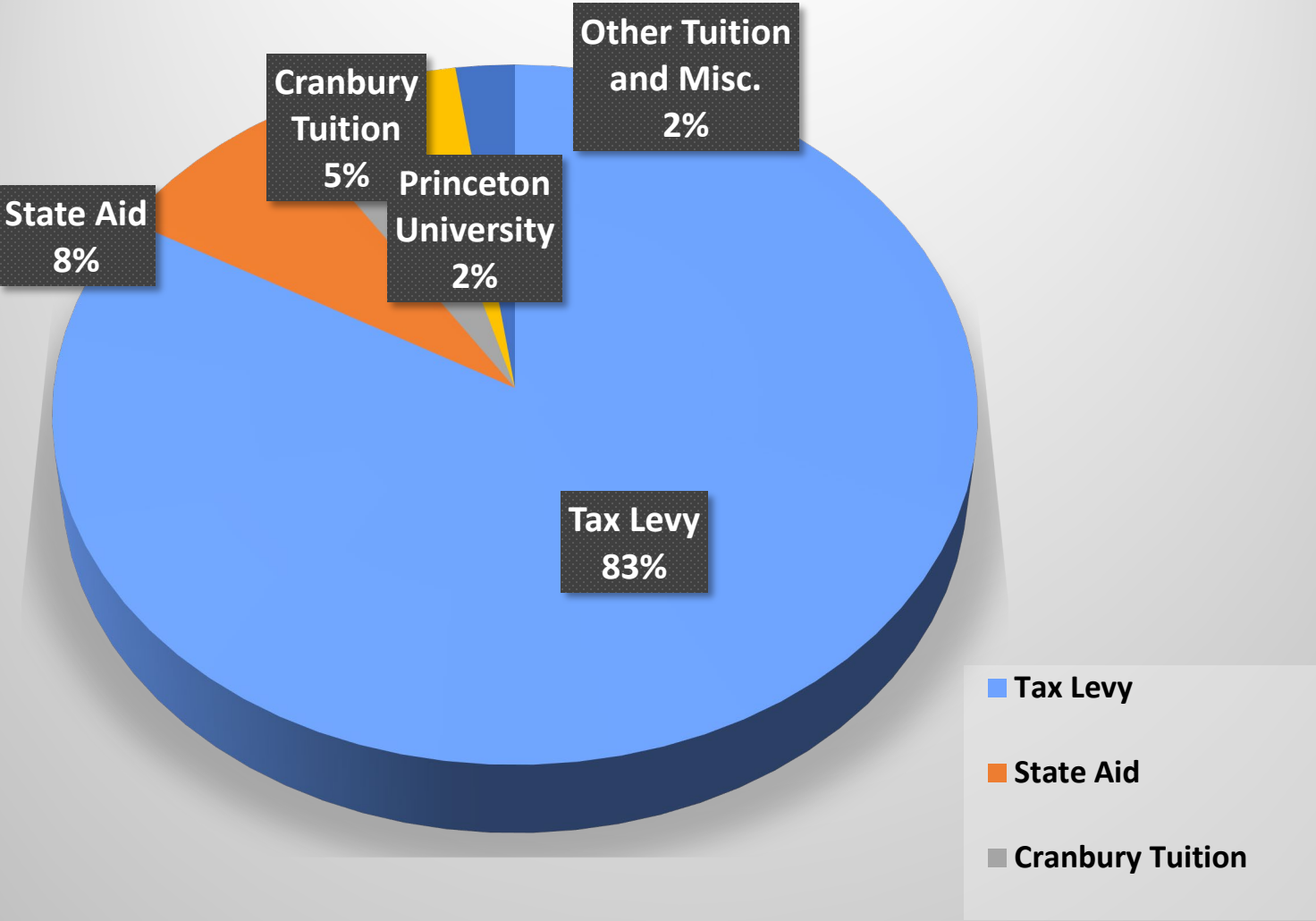
Banked Tax Cap Analysis

<u>Description</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>
Generated	796,138	-	94,684	-	-
Expiring	-	-		51,688	-
Available	253,626	1,049,764	51,688	146,372	-
Used/Will Use	-	998,076		146,372	-
Foregone Tax Levy	5,073	15,923	-	1,894	-

Banked Cap:

Unused taxation or spending authority, that can be saved for 3 future budget cycles and is generated by not spending to the allowable 2% cap or using automatic cap waivers for health insurance, enrollment or deferred pension increases

2024 Actual General Fund Revenues



2020 to 2024 Actual Gen Fund Revenue Analysis w Estimated Actual 2025 and Preliminary 2026 Budget



2/3/2025	Actual 19-20	Actual 20-21	Actual 21-22	Actual 22-23	Actual 23-24	Est. Act. 24-25	Prelim. 25-26	Est. Act. 26-27
Revenue:								
Tax Levy	76,246,634	78,244,588	79,613,868	80,410,007	83,016,283	86,098,310	87,966,648	90,325,981
Chp. 44 Tax Levy Decrease	-	-	-	-	-	-	-	-
Tax Levy Increase-2%	1,524,933	1,369,280	796,139	1,608,200	1,660,326	1,721,966	1,759,333	1,806,520
Banked Cap Utilized	-	-	-	998,076	-	146,372	-	-
Health Care Waiver	473021	-	-	-	1,421,701	-	600,000	195,000
Enrollment Waiver	-	-	-	-	-	-	-	-
Total Tax Levy	78,244,588	79,613,868	80,410,007	83,016,283	86,098,310	87,966,648	90,325,981	92,327,500
Tuitions	5,405,652	5,720,335	5,152,878	5,395,363	5,252,096	5,175,390	4,830,215	4,926,819
Misc. and Interest	735,913	533,121	969,934	786,796	1,954,522	1,653,000	1,500,000	1,500,000
Categorical State Aid	4,186,173	4,290,589	4,590,258	4,945,004	5,348,358	5,825,807	5,825,807	6,117,097
Extraordinary Aid	1,931,302	3,067,905	3,074,305	2,631,610	2,327,961	2,300,000	2,300,000	2,300,000
Princeton University	-	-	-	1,125,000	2,295,000	2,386,800	2,482,272	2,581,563
Fed SEMI	41,458	61,757	41,552	46,781	7,974	8,500	48,000	48,000
Fund Balance	-	-	-	-	-	-	-	-
Non-Pub Transp Aid	-	-	-	-	92,878	90,000	90,000	90,000
Budgeted Revenue	90,545,086	93,287,575	94,238,934	97,946,837	103,377,099	105,406,145	107,402,275	109,890,980

* Categorical (“category”) State Aid refers to the components of State Aid which are not based on “need” but allocated across the State’s district’s based on enrollment population in a particular category. **Fact checker spoiler alert, you will note dollar rounding errors, if you are so inclined as to add the columns.**

2018 to 2022 Actual Gen Fund Expense Analysis w Estimated Actual 2023 and Preliminary 2024 Budget



2/3/2025	Actual 19-20	Actual 20-21	Actual 21-22	Actual 22-23	Actual 23-24	Est. Act. 24-25	Prelim. 25-26	Est. Act. 26-27
Appropriations (Expenses):								
Salaries	52,207,317	52,943,356	54,459,174	56,831,203	58,743,374	60,612,180	62,369,934	64,241,032
Benefits	16,240,594	16,644,463	15,995,273	16,791,208	17,267,791	18,065,484	18,607,449	19,258,709
	<u>68,447,911</u>	<u>69,587,819</u>	<u>70,454,447</u>	<u>73,622,411</u>	<u>76,011,165</u>	<u>78,677,664</u>	<u>80,977,382</u>	<u>83,499,741</u>
Charter School	6,544,147	6,603,954	7,122,382	6,898,642	7,624,503	7,888,643	8,125,302	8,409,688
Insurance, Legal and Prof. Svcs.	1,381,160	1,546,595	1,958,554	2,004,302	2,176,441	1,985,379	2,000,000	2,100,000
Maintenance, Custodial	1,335,686	1,712,554	2,727,526	2,297,660	2,136,347	2,427,446	1,803,000	1,803,000
Energy	1,390,558	1,262,505	1,461,860	1,673,728	1,732,491	1,752,796	1,779,336	1,832,716
Stndt Svcs.-Tuitions -Home Instr	4,032,317	3,998,128	3,343,442	4,190,413	4,878,841	4,774,238	5,000,000	5,000,000
Curriculum and Instruction	326,684	354,567	420,330	654,493	838,106	850,000	854,868	871,965
Technology	888,802	1,300,599	1,478,709	1,356,265	1,216,358	1,454,943	1,250,000	1,275,000
School Budgets	986,226	875,882	1,109,509	1,256,430	1,160,885	1,048,131	1,344,000	1,344,000
Transportation	1,714,658	1,853,597	2,375,778	2,835,870	3,334,915	3,469,328	3,383,216	3,484,713
Athletics	408,693	373,771	551,505	722,888	788,740	879,724	800,000	800,000
Covid Expenses		1,804,920						
Bud. Fnd Bal. & Cap Resrve								
Supplies and Services	<u>19,008,932</u>	<u>21,687,073</u>	<u>22,549,595</u>	<u>23,890,690</u>	<u>25,887,628</u>	<u>26,530,628</u>	<u>26,339,723</u>	<u>26,921,082</u>
Total Expenditures	<u>87,456,843</u>	<u>91,274,892</u>	<u>93,004,042</u>	<u>97,513,101</u>	<u>101,898,794</u>	<u>105,208,292</u>	<u>107,317,105</u>	<u>110,420,823</u>
Surplus/(Deficit) of Rev.	<u>3,088,243</u>	<u>2,012,683</u>	<u>1,234,892</u>	<u>433,736</u>	<u>1,478,305</u>	<u>197,853</u>	<u>85,170</u>	<u>(529,843)</u>

Fact checker spoiler alert, you will note one dollar rounding errors, if you are so inclined as to add the columns.

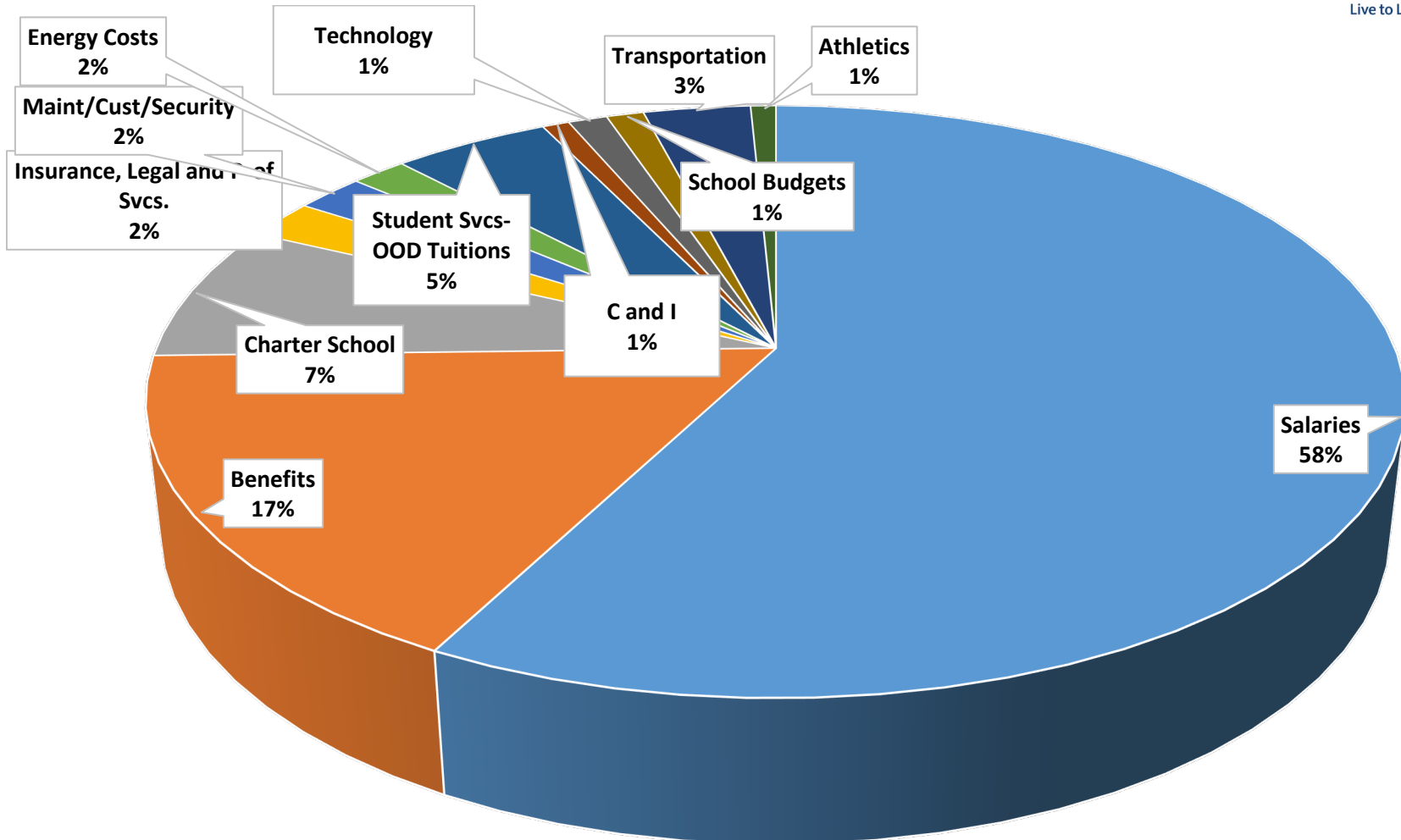
Fund Balance Analysis

2/2/2025	Actual 17-18	Actual 18-19	Actual 19-20	Actual 20-21	Actual 21-22	Actual 22-23	Actual 23-24	Est. Act. 24-25
("FREE") Fund Bal.	5,369,799	6,310,095	8,707,636	10,541,873	11,101,758	11,125,390	11,478,425	11,681,278
Cap Reserve Fund Balance	2,242,450	2,303,847	3,015,413	2,885,813	1,318,184	1,727,409	2,852,679	2,966,786
	7,612,249	8,613,942	11,723,049	13,427,686	12,419,942	12,852,799	14,331,104	14,648,064

We had been using capital reserve to do important replacements and renovations on PMS Pool HVAC system, district wide HVAC equipment, PHS shingle roof as well as augmenting the 2018 Referendum project.



2024 Operating Budget Actual Results : How was it spent?

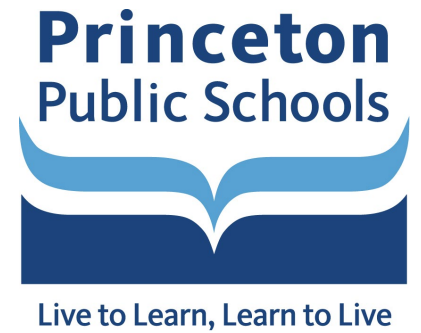


- **82.08% of expenses –Salaries, Benefits and Charter School which is down from 84.64% in 18-19**

Budget Related Question and Answer Session



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